

Eight Charged In Auto Insurance Enterprise Corruption Indictment

Attorney General Spitzer and State Insurance Superintendent Howard Mills today announced the indictment of eight people and one law firm for their roles in a criminal enterprise that submitted phony personal injury claims to insurance carriers. The defendants include two medical doctors, a personal injury attorney and his law firm, and the owners of three Queens medical clinics.

The defendants are charged with Enterprise Corruption, a class "B" felony, which carries a maximum sentence of 8 1/3 to 25 years in prison. Other charges brought include scheme to defraud, money laundering, grand larceny, insurance fraud, falsifying business records and offering a false instrument for filing.

Attorney General Spitzer and Superintendent Mills also announced that the Attorney Generals office has instituted a civil enforcement action against the defendants seeking the forfeiture of over \$2.2 million in illegally obtained proceeds. Pursuant to this action, the Attorney General has obtained a court order freezing assets - including bank account proceeds and real property - of the defendants.

"This investigation and the resulting charges demonstrate that my office will continue our efforts to fight auto insurance fraud," Spitzer said. "These defendants attempted to game the system for their own benefit and will be prosecuted to the fullest extent of the law."

"Auto insurance fraud is a serious crime that drives up the cost of auto insurance premiums for all New Yorkers," Mills said. "But state government has made remarkable progress in investigating and closing these illegal operations while at the same time bringing to justice those who attempt to defraud insurance companies."

The indictment alleges that the defendants submitted fraudulent no-fault and bodily injury claims to insurance carriers. The no-fault law governs the provision of medical care to people injured in car accidents. An injured accident victim may also pursue a separate bodily injury claim - including damages for pain and suffering - if he or she has suffered a serious injury as a result of the accident.

According to the indictment, defendants Yury Baumblyt, Rimma Baumblyt, and Alex Goferman secretly owned three medical clinics in Queens, East Elm Medical P.C. in East Elmhurst, Balance for Life Medical Diagnostic P.C. in Forest Hills, and Queens County Medical P.C. in Corona. Defendant-doctor Zhanna Kanevsky was an owner on paper of East Elm Medical and Balance for Life Medical Diagnostic, and defendant-doctor Dan Lewis was an owner on paper of Queens County Medical. In reality, the doctors did not own or control the clinics. Defendants Yuri Baumblyt, Rimma Baumblyt, and Alex Goferman, who have no medical training, determined what medical and health services were to be provided to clinic patients.

The medical clinics were supplied with patients by "steerers," including defendants Claudia Chacon and Kevin Muniz. The steerers solicited motor vehicle accident victims and instructed them to exaggerate and fabricate injuries. Chacon and a crew of steerers used police scanners to intercept radio transmissions of car accidents in Queens. Chacon and her subordinates raced to the scene and solicited the accident victims to attend the medical clinics. The clinic owners paid the steerers a fixed fee for each referral.

The indictment alleges that following the referrals to the medical clinics, doctors Kanevsky and Lewis conducted cursory medical evaluations of the patients and fraudulently referred them for unnecessary treatment and tests. Without regard to medical need, patients received months of rehabilitative care designed to treat soft tissue injuries, including physical therapy, acupuncture, chiropractic care, expensive diagnostic testing (including multiple MRIs and kidney sonograms) and durable medical equipment. In order to justify the months of treatment and testing to the insurance carriers, defendants Kanvesky and Lewis generated false treatment reports containing fabricated symptoms and diagnoses.

It is also alleged that Baumblit, Baumblit and Goferman routinely referred accident victims to defendant-attorney Albert Rudgayzer and his Brooklyn law firm, defendant Rudgayzer & Gratt, LLP, in order to obtain money from the insurance carriers through fraudulent bodily injury claims. The medical clinics provided months of unnecessary treatment to the accident victims, in part, to fraudulently support the bodily injury claims in lawsuits pursued by Rudgayzer. Rudgayzer illegally paid the clinic owners a per claim fee for the referral of clients and also shared with the clinics a portion of the proceeds from the settlements of the bodily injury claims.

The 72 counts of the indictment charge Enterprise Corruption, a B Felony; Money Laundering in the Second Degree, a C Felony; Money Laundering in the Third Degree, a D Felony; Grand Larceny in the Third Degree, a D Felony; Insurance Fraud in the Third Degree, a D Felony; Scheme to Defraud in the First Degree, an E Felony; Falsifying Business Records in the First Degree, an E Felony; Offering a False Instrument for Filing in the First Degree, an E Felony, Money Laundering in the Fourth Degree, an E Felony; and Grand Larceny in the Fourth Degree, an E Felony.

The defendants named in the indictment are:

Yury Baumblit, 55, of Brooklyn, a secret owner and manager of the medical clinics.

Rimma Baumblit, 49, of Brooklyn, a secret owner of the medical clinics, and owner of a billing service used to submit fraudulent claims.

Alex Goferman, 46, of Brooklyn, a secret owner and manager of the medical clinics.

Zhanna Kanevsky, 44, of Staten Island; a medical doctor and paper owner of Balance for Life Medical Diagnostic, PC and East Elm Medical PC.

Dan Lewis, 54, of Mamaroneck, a medical doctor and paper owner of Queens County Medical PC.

Claudia Chacon, 30, of East Elmhurst, clinic manager and steerer.

Kevin Muniz, 27, of Corona, steerer.

Albert Rudgayzer, 34, of Hewlett, attorney.

Rudgayzer & Gratt, LLP, located in Brooklyn, a law firm.

The charges are merely accusations and the defendants are presumed innocent until and unless proven guilty.

The prosecutions stem from a two-year investigation conducted by Attorney General Spitzers Auto Insurance Fraud Unit. The investigation included the use of court-authorized wiretaps and included investigators from the State Insurance Departments Insurance Frauds Bureau.

Since January of 2002, when it made its first series of arrests, the Auto Insurance Fraud Unit has brought felony insurance fraud and related charges against 272 defendants.

Attorney General Spitzer thanked the National Insurance Crime Bureau, Liberty Mutual Insurance Company, GEICO, Allstate Insurance Company, Elco Administrative Services, Progressive Casualty Insurance Company, the Robert Plan Corporation, and Country-Wide Insurance Company for their assistance in the investigation.

The case is being prosecuted by Assistant Attorneys General Elizabeth Foley and Laura Brantley of the Auto Insurance Fraud Unit, under the supervision of Unit Chief Steve Nachman. They were assisted by Investigator Luis Martinez, Investigator-Auditors Joseph Bizarro and Osaretin Omoigui, Auditors Anna Maltseva and Jessica Abanilla, and Analyst Jennifer Shields, under the supervision of Supervising Investigator Frank Orlando and Deputy Chief James Conway of the Attorney Generals Investigations Bureau.

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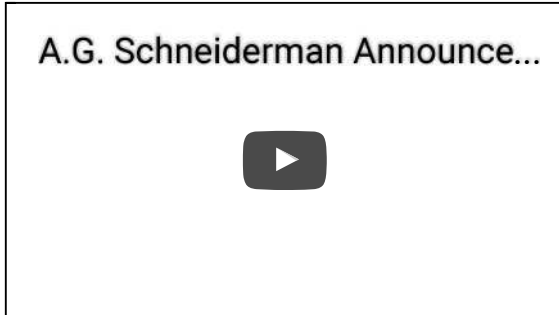


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